

1
2 INDIANA GAMING COMMISSION

3 REGULAR MEETING

4 8:15 A.M., May 7, 1996

5 Indian Creek Theatre
6 Corydon, IN 47112

7 EXECUTIVE SESSION

8 PRESENT: Commission Members Alan I. Klineman, Chair;
9 Ann M. Bochnowski, Vice-chair; Thomas F. Milcarek;
10 David E. Ross, Jr., M.D.; Robert W. Sundwick; Robert
11 W. Swan; Donald R. Vowels; Staff Members Jack Thar,
12 Floyd Hannon, Kay Fleming, Jill Copenhaver, Pam Ayres
13 and an audience.

14 Call to Order, Roll Call, and Announcements

15 Chairman Alan Klineman called the meeting to order at
16 approximately 8:20 A.M., noting that a quorum was
17 present. All commissioners were in attendance.

18 Approval of the Minutes

19 On motion by Bob Swan, second by Robert Sundwick, the
20 minutes of the April 17, 1996 meeting were unanimously
21 approved.

1 The next item is the report of Mr. Thar, our executive
2 director.

3 MR. THAR: Thank you. I'll try to go through it kind
4 of quickly. In terms of litigation, we were sued
5 last Thursday by some named plaintiffs in the City
6 of Gary. We along with the Trump organization and
7 Barden organization. The Complaint alleges in part
8 or in summary that both of the developers failed to
9 hire along the lines that they had promised. Further,
10 alleges that they have failed to include the percent-
11 age of local investors, which they had promised. We
12 are included as a defendant in that lawsuit. We have
13 not yet been served. From what we have seen of the
14 zerox, and the zerox of the Complaint were unable
15 to describe what cause of action may be alleged
16 against the Commission, although the remedy that
17 has been asked is that we be restrained from issuing
18 a license to either of those two developers. Issues
19 have been raised that there could be potential liti-
20 gation with regard to the City of Hammond and the
21 Empress Riverboat Casino at that location, and the

1 issue on that is whether or not there is land on
2 the area that has been developed as the docking and
3 land base facility site, commonly referred to as
4 the Peninsula that has the port authority and the
5 water company equipment on it, is whether or not
6 part of that land had not been eased over to Hammond
7 through a land patent procedure. We will get to
8 that later on in this report as well as the certifi-
9 cate of suitability approval for the Empress Casino
10 in Hammond.

11 With regard to potential boat openings this past
12 Monday, the employees of Boyd and Trump were started
13 processing of them, new license. Started up in Gary,
14 Indiana. Both of those boats are targeted to open
15 the week of June 3rd or June 10th, and I think
16 month the present Commission schedule, will probably
17 begin that procedure June 3rd. The processing of
18 their electronic gaming devices should begin next
19 Monday, May 13, and we are awaiting delivery of some
20 of the machines to that area now. The Trump boat
21 has been present in Gary for approximately five days.

1 The Barden boat is anticipated to be there sometime
2 the later part of this week. In Hammond, the present
3 status of that opening is as follows: If they are
4 able to get a Corps permit by mid-May, they would
5 then be in a position to try to open as they have
6 indicated by July 4th of this year.

7 The overpass construction is ahead of schedule and
8 it is crossable. The garage and pavilion are getting if
9 not on schedule, close to being on schedule. The
10 boat is going to be docked at Burns Harbor. When it
11 was brought down until the dock is completed, the
12 dock cannot be completed until they get the Corps
13 permit.

14 With regard to whether certificate of suitability
15 issues arising from the Hyatt Organization at Rising
16 Sun has advised that they believe they are close
17 to getting a Corps permit. They hope to have that
18 permit by mid-May. If they do they can anticipate
19 an opening in the area of mid-August and if not by
20 then, hopefully no later than mid-September.

21 Lawrenceburg, there is not a whole lot new on that

1 front. Other than, you know, the Corps process is
2 still presently in suspension status. And they have
3 not yet brought or acknowledged anything publicly
4 about re-raising the financing due to that issue.
5 Progress is being made with the Michigan City certi-
6 ficate of suitability holder Indiana Blue Chip.
7 We've met with them on a couple of occasions. The
8 certificate of suitability would have been completed
9 by now had we not had these hearings. Should be
10 completed if not Friday by Monday. It has continually
11 stressed to that particular certificate of suitability
12 holder that the ninety-day requirement imposed by
13 the Commission means that there has to be substantial
14 compliance in certain areas within ninety days.
15 There is nothing new to report with regard to East
16 Chicago who is still anticipating opening no earlier
17 than December of '96, but certainly the first quarter
18 of '97. We're in the process of discussing with the
19 State Budget Agency as well as the State Personnel
20 Agency an increase in staffing. We presently have
21 one regional auditor and one what they call field

1 auditor. We want to increase that staff by nine.
2 So there will be eight field auditors, two supervisors
3 and then the person who heads that up in the regional
4 audit administrator.

5 We had a meeting with budgets and preliminary -- we
6 met with the state budget agency to work out prelimi-
7 nary details with regard to the budget that we will
8 be presenting to the legislature next January. And
9 those discussions primarily went along the lines of
10 continued budgetary approval to staff and to outfit
11 the state police people that will be functioning as
12 the gaming agents on the various boats. When they
13 will be brought on line as well as the increase in
14 staff in Corydon Gamingstaff. That would con-
15 clude my report.

16 ROBERT W. SUNDWICK: What is this that's going on
17 at Lawrenceburg? What's taking so long down there?

18 JACK THAR: There are a couple of things that have
19 happened with regard to Lawrenceburg. The first one
20 was while they got the certificate of suitability
21 June 30th, 1995, they did not have an Army Corps of

1 Engineers permit hearing until February of 1996 and
2 it's about as long as we have had one. From the
3 Army Corps of Engineer perspective, that was because
4 there was continual weekly, if not more often,
5 changes in permit application to be submitted by
6 Indiana Gaming Company. From Indiana Gaming Company's
7 perspective, they contend it was changes on the front
8 end, prevent delays on the back end, so that that
9 was not lost time. But the bottom line is that was
10 an unusually long time to have public hearings
11 compared to what the other applicants have been
12 experiencing. From the date of acquisition of
13 either the land for suitability. Secondly, as we
14 are aware, Argosy's attempt to raise twenty or
15 thirty-five million dollars in public market
16 creating the issuance of high yield bonds have
17 failed because of an investigation, a grand jury
18 investigation that was reported in the paper, con-
19 cerning the issuance of Lawrenceburg license. We
20 know that there are numerous groups investigating
21 that, the issuance of that license, including private

1 investigators on behalf of some bank institutions,
2 private investigators on behalf of certain partners
3 involved in Indiana Gaming Company LP, as well as
4 the one being conducted by the Marion County Grand
5 Jury. At this point in time, I am not aware of
6 whether or not this grand jury functioning out of
7 Dearborn County or Lawrenceburg; I'm only aware
8 that there's coordination between the Perry County
9 Prosecutor and the Dearborn County Prosecutor.
10 Certainly, the investigation for lack of raising
11 that particular amount of money and the Corps of
12 Engineer hold-up that has gone a long way to, I
13 suppose one could say "stalling" if not halting the
14 process down in Lawrenceburg. As of June 30th of
15 this year, this Commission will be facing the issue
16 as to whether or not that certificate of suitability
17 should be renewed. So, the Staff is willing to re-
18 quest of the Indiana Gaming Company any information
19 which it needs or at least that they will want in
20 order to make that determination.

21 MR. SUNDWICK: When would you propose we have a meet-

1 ing and revisiting of their certificate?

2 MR. THAR: We have a pretty full schedule, so it
3 gets tight. We're going to -- right now the month
4 of -- their certificate expires June 30th. If we
5 hold to how we've handled things in the past we will
6 generally allow that continue, to continue at least
7 until we have a hearing on the issue. I think in
8 fairness that needs to be done. We have boat openings
9 in Gary the first part of June. Most likely boat
10 opening in Hammond the latter part of June, very
11 first part of July. Somewhere in between there we
12 also have to discuss, finish the Harrison County
13 issue. If the Commission decides to go that route.
14 So I would say that sometime near the end of June,
15 and maybe around the time the Hammond boat opening.
16

17 MR. SUNDWICK: Thank you.

18 MR. KLINEMAN: Any other questions? I just have a
19 couple of comments: First, from everything we have
20 heard we have been assured that the Commission is
21 not under investigation in connection with the grant-
ing the Lawrenceburg license, but those investigations

1 revolve around other parties and other issues, so I
2 just wanted to state that for the record. And none
3 of the Commissioners nor the Staff have been questioned
4 by any investigators in this new round of investi-
5 gation. Also, I wanted to say that in the history
6 of government I don't think there's been a group
7 that has worked as hard as our staff has, and we
8 have been understaffed continuously from the beginning
9 and I hope that we someday get adequate staffing for
10 the duties that have been placed upon this Commission.
11 When we go into our full regulatory mode we need a
12 lot of people because we're handling a lot of money
13 and we're responsible for seeing that the money is,
14 uh, we don't physically handle the money, but we're
15 handling the collection, I'll say that, of the
16 money and it's very important that we have adequately,
17 that we're adequately staffed and with trained people,
18 so I encourage our staff in their discussions with
19 the legislature and the budget agency and whom ever
20 has any responsibility that we staff up not for
21 immediate needs but that we staff up for anticipatory

1 needs and that either we spend a few months training
2 some people that will not be money ill spent. So,
3 get as many people as you can and please try to
4 convince the budget agency and the legislature that
5 this is an agency that is running lean and mean and
6 that when we ask for people we need them. So I
7 just wanted to say that for the record.

8 If there are no other questions of Mr. Thar..

9 Oh, in respect to Lawrenceburg, I think it's the
10 feeling of the Commission at this time, obviously
11 Mr. Sundwick and others, but that when we do get
12 to the question of renewal of the certificate of
13 suitability for Indiana Gaming, that we have a full
14 analysis of what's going on. We want the facts.
15 We will not be satisfied with our Corps permit that's
16 still pending. I mean we want to get down to the
17 nitty gritty, what are the problems, what's going on.
18 And we will probably be making a decision based upon
19 the progress and the progress that's been made up
20 to that point and in our judgment based upon the
21 facts of what are the prospects for concluding the

1 matter within a reasonable amount of time. So, the
2 renewal of that certificate will not be a perfunctory
3 automatic thing; I think, you know, beyond this
4 Commission we want to do this completely.

5 First item of on our agenda -- or next item on our
6 agenda is old business, I guess if there's none,
7 other than what we have discussed. New business,
8 the first item is approval of some of the rules.
9 And I'll call on Ms. Fleming, our chief counsel.

10
11 KAY FLEMING: First, this is as general information
12 item we will no longer be releasing the rules
13 in draft form. They will be adopted by the
14 Commission as proposed rules be published in the
15 register. That's in order to shorten the time length
16 it takes to get rules promulgated. Resolution 1996-
17 26 is a resolution which adopts amendments to certain
18 rules, specifically to definitions that are set forth
19 in 68 IAC 1-1-8 which is the definition of a bill
20 changer; the definition of drop bucket which is set
21 forth in 68 IAC 1-1-25. 68 IAC 1-1-30 defined

1 electronic gaming device drop. The resolution also
2 adopts amendments to 68 IAC 2-5-4 which covers the
3 curriculum for occupational training schools. 68 IAC
4 17-1-2 and 68 IAC 17-1-3, which are electronic gaming
5 device movements and the electronic gaming device
6 transportation logs. The resolution also adopts
7 new rules, specifically 68 IAC 5-3 which governs
8 the manner in which riverboat licensee and riverboat
9 license applicants are to present their debt acquisi-
10 tion and debt transactions to the Commission for
11 approval. 68 IAC 10-5 governs the rules for conduct-
12 ing the big six games. 68 IAC 11-8 covers handling
13 of cash at gaming tables. 68 IAC 15 Rule 5 wagering
14 tax; Rule 12 live gaming device fills and credits;
15 Rule 13 manually paid jackpots; and a new Article 18
16 Rule 1 which governs patron dispute procedures.
17 These Rules will be published hopefully in the June
18 1, 1996 register or the next available publication
19 date pursuant to IC 4-22. The hearing on these
20 Rules will be held the last week in June, specifi-
21 cally that will be June 24th but that notice will be

1 published both in the Indiana Register and the Marion
2 County Newspaper. Is there any questions with respect
3 to this Resolution? On Motion by Dr. Ross to
4 adopt the Resolution, second by Bochnowski.

5
6 ALAN KLINEMAN: Next item is the surety bond for
7 Trump Indiana Inc. Mr. Thar.

8 JACK THAR: Yes. This will be Resolution 1996-27.
9 As you all may remember, Mr. Trump had originally
10 posted a surety bond and the amount was satisfactory.
11 There was a dispute over certain -- questions arose
12 in regard to some of the language as pointed out to
13 us by outside counsel, Virginia McCarty. Dealings
14 back and forth with the surety company in order to
15 keep the bond going Mr. Trump then posted twenty-
16 five million dollars in cash with the State of Indiana
17 without any type of restrictive language. Subsequently,
18 we have now arrived at language which is agreeable
19 to the Commission Staff, it is also agreeable to
20 outside counsel, Virginia McCarty who has provided
21 us with a letter expressing her legal opinion that

1 in her opinion the bond now satisfied Commission
2 requirements as set forth and with the Gaming
3 Statute which is 4-33-6-9, and as a consequence we
4 have proposed this Resolution to adopt as completely
5 satisfactory, surety bond and guaranty bond No. 12-
6 0110-31492-96-4 in the amount of twenty-five million
7 dollars.

8
9 ALAN KLINEMAN: And it's underwritten by United
10 States Fidelity and Guaranty?

11 JACK THAR: That's correct.

12 Upon Motion by Mr. Vowels, Motion is adopted having
13 been seconded by Mr. Milcarek.

14 ALAN KLINEMAN: Mr. Thar, the next item as we know
15 is certificate of suitability for Empress Casino
16 Hammond Corporation.

17 MR. THAR: If you remember, a certificate of suitabi-
18 lity was issued to known at that time as Lake Michigan
19 Charters LTD; subsequently have filed a name change;
20 now referred to as Empress Casino Hammond Corporation.
21 They received a certificate of suitability November

1 17th, 1995, that certificate is valid for six months.
2 They have requested a renewal by letter which is
3 attached hereto. You will also remember the Empress
4 people, presentation made the representation that
5 they received a certificate of suitability, they
6 believed they would be in a position to open by
7 July 4th of 1996. The time period that somewhat
8 criticized by the other applicants to be unattainable.
9 In fact, they are in a position to do that pending
10 the issuance of the Corps of Engineers' permit
11 which they believe that they will have. So presently
12 the Staff and the Empress are gearing towards a late
13 June procedure which would allow them to be open in
14 time for July 4th, pending only the Army Corps of
15 Engineer permit. Empress is present as is the City
16 of Hammond and I have asked them to prepare a brief
17 outline of what they have accomplished as the
18 Commission may be aware of that from them and also
19 ask them any questions. And Hammond is here to ad-
20 vise as to what their feelings are with regard to
21 this renewal. I would also point out that we have

1 received on the land permit issues, information
2 which has been passed to the Commission. We have
3 received three letters from the law firm of Hanshaw
4 and Culbertson, criticizing whether or not the
5 Empress gets the certificate renewed, and urging that
6 it should not for various legal reasons, all of
7 which the Commissioners have. We have received a
8 letter from Bally Entertainment Corporation, indica-
9 ting that they agree with the points brought forth
10 by Hanshaw and Culbertson. We have also received
11 a letter from an individual by the name of C. J.
12 Manion who insists that we should issue a stop work
13 order to the Hammond Marina. All of these people
14 urging the Commission not to renew the certificate
15 focus upon a land patent issue. I believe that maps
16 have been provided and shown to the Commissioners,
17 basically illustrate in simplistic forms the following:
18 Some years ago you could create land by filling in
19 parts of Lake Michigan if you received a permit. So
20 that was owned by the state so you had to get a
21 permit to fill that in, issued by the state. Once

1 the land was filled in or the lake reclaimed, nobody
2 wanted to look at it, you then applied for a land
3 patent which is in essence in simplified form, a
4 deed from the state granting the municipality or
5 the governmental entity title to the land that has
6 now been created. When the Indiana Riverboat Gambling
7 Act passed people checked the files of the Department
8 of Natural Resources to determine whether or not
9 the waterworks and port authority area of Hammond
10 where the riverboat is located, were in fact covered
11 correctly under the land patent issue. It was ini-
12 tially determined that it was, files by the City of
13 Hammond also determined the same thing. Subsequently,
14 in checking more closely, the various plats against
15 the legal descriptions, it's been noted that there
16 was what is called administrative or scribner's
17 error, approximately 1.2 acres of that peninsula
18 were omitted, although the land all around it was
19 included. That is the issue being raised, the primary
20 issue being raised by those people believing that a
21 certificate should not be renewed, and I believe

1 both Hammond and the Empress are prepared to briefly
2 address that issue also. The Department of Natural
3 Resources has advised that the procedure to get
4 that corrected is under way, should be completed in
5 a couple of weeks, the land will in fact be deeded
6 over to the City of Hammond, and that from their
7 perspective it is completely an administrative error
8 which will be corrected administratively. If there
9 are no questions, I would ask you people from Empress
10 to stand, come forward, as well as people from
11 Hammond.

12
13 MR. MICHAEL HANSEN:

14 Hello. Good Morning. Chairman Klineman, Members
15 of the Commission, Mr. Thar, Members of the Staff.
16 My name is Michael Hansen. I'm Project Coordinator
17 for Empress Casino Hammond. With me today is
18 Phil Bate from Ice Miller, also as Mr. Thar indicated,
19 we have the representatives from the City, Jim
20 Bennett, Project Coordinator for the City of Hammond,
21 as well as David Wather Johnson, from Baker and

1 Daniels, their attorney. We're very pleased to be
2 in front of you today and to request the extension
3 of our certificate of suitability. We believe that
4 we are on target, as Mr. Thar indicated, for a July
5 4th if not earlier opening date, and that this will
6 in fact be the earliest opening date from the stand-
7 point of when the certificate was issued of any of
8 the other ones thus far in the State of Indiana.
9 We believe that we have been faithful in all of our
10 commitments that we have made before the Gaming
11 Commission. We have worked with your Staff who have
12 been extremely helpful and very cooperative. We
13 have kept them fully advised at all times by, uh,
14 with personal conferences, by telephone calls, and
15 with weekly status reports with respect to our pro-
16 gress in Hammond. We have worked with the Mayor,
17 the Counsel, the Port Authority of Hammond and other
18 various bodies and interested people in and around
19 the City of Hammond to keep them advised, bring them
20 into the process, and to let them know exactly what
21 is going on with our development. I have given to

1 the Commission today a series of pictures that were
2 taken over the weekend so that the Commission Members
3 can see visually the progress that we have made since
4 we began construction in early 1996. I'd like to
5 take this opportunity to briefly review where we
6 are with respect to the certificate. As Mr. Thar
7 indicated, his report was accurate with respect to
8 our three main components of the project; the over-
9 pass, the guest center and the parking garage. The
10 overpass will in fact be completed early. You can
11 drive over that now. That is to be completed in
12 a couple of weeks. The guest center is phenominally
13 ahead of schedule. We will be occupying that guest
14 center on a temporary basis for the opening with
15 tourists before it's completed. And we have been
16 informed by our general contractor that the entire
17 facility should be completed in mid-September which
18 is ahead of schedule. The parking garage is the
19 facility, the one component that is on schedule right
20 now, we are only hoping that we don't get any advserse
21 weather, but if we do we do have some slack in the

1 schedule that can pick up if that does in fact occur.
2 The sewer is nearly completed. Another minor com-
3 ponent of this whole project. And I guess the fifth
4 and maybe most important part of the whole project
5 is our boat which has been berthed up in Sturgeon
6 Bay, Wisconsin over the winter. It will be leaving
7 Sturgeon Bay mid-next week traveling down Lake
8 Michigan; it's an eighteen hour cruise, to the Port
9 of Indiana at Portage where it will be for one month
10 until approximately June 15th and it will be taken
11 over to the Hammond Marina in preparation for our
12 opening. The gaming equipment will all be installed
13 there at the Port of Indiana as well as we are
14 making a few minor improvements to the boat. Putting
15 in more sprinkler systems, more handrails and things
16 of that nature, to make it a much better gaming
17 facility. The second part of our certificate
18 addressed the off site issues such as hotel, housing,
19 commercial development. Understandably, while we
20 have had some meetings with some people in Hammond
21 on the housing and commercial, that has not been our

1 primary focus and will be after we get open in July.
2 The same goes with the hotel. We have had some
3 discussions with some people on that, but I can only
4 report to you at this time we don't have any concrete.
5 The agreement right now, and that will be a major
6 focus after we open in July, the additional commit-
7 ments that we made in that certificate, we've met
8 with the City of Whiting, we have an agreement with
9 them which was the distribution of the one point two
10 five million over the five years. Discussions have
11 been held with the City with respect to how the
12 one million dollars for the not for profit will be
13 disbursed, how in fact our incubator will work, how
14 in fact the public safety money, the one million
15 dollars per year will be distributed. Those things
16 have all been accomplished. We are in the process
17 of setting up and will have set up our NBE WBE.....
18 program, that is forthcoming, and also I am very
19 pleased to report as we reported at the last meeting
20 in April that the Milwaukee Clipper Ship has left
21 the Marina. And the Port Authority prior to its

1 leaving, they have the five million dollars that we
2 committed to Clipper, two point seven five million
3 would be allocated to Port Authority for the construc-
4 tion of the new administration building, for their
5 offices and for the offices for the Sheraton and for
6 the other, thecenter in the City of
7 Hammond. With respect to the development agreement,
8 I can report that progress is nearly complete on
9 that with the City of Hammond. We've met this week.
10 We have really one more meeting to go with the City
11 officials before there will be a few issues for dis-
12 cussion between the Mayor and the principals with
13 my corporation. We fully expect and there will be
14 no problems entering into that agreement. Out of
15 that agreement will come the lease agreements for
16 the land and for the marina. Those are in discussion
17 in draft form. Those will be finalized at the end
18 of this month. Mr. Thar had discussed briefly the
19 Corps permit. We have gotten everything to the
20 Corps. We have been in constant contact with them.
21 We have had many meetings with the Corps personnel.

1 They have indicated to us approximately one week
2 ago that they now have all of their questions
3 answered, they have all of the information that they
4 needed, and were standing firm on their commitment
5 to have the permit issued by mid-May. And we would
6 expect that to be accomplished in that order. We
7 also have with the U. S. Coast Guard with respect
8 to our certification and that process is ongoing
9 and in getting it. We filed with the Gaming
10 Commission our emergency response plan. We have
11 put up the cash bond in the amount of fifteen
12 million dollars. We have filed, uh, we have retained
13 all of our insurance. And complied with the rest of
14 the requirements of the Staff with respect to filing
15 with the internal control various plans, various
16 designs, and other matters that are necessary, been
17 filed. You will recall when we were before you in
18 Hammond in October, that our theme at that time was
19 "We're ready." And I think that we've complied so
20 far to date with that theme and I believe that you
21 will find that we are in fact going to be ready and

1 will be ready by the July 4th opening date which we
2 have been projected. I'm open for any questions.
3 We respectfully request that you grant this exten-
4 sion of our certificate. Thank you.

5
6 ANN BOCHNOWSKI: I want to make sure the five million
7 that you have committed to the Clipper, the Milwaukee
8 Clipper, now you have indeed you have spent the
9 five, the total five million on other..

10 MICHAEL HANSEN: No, no...

11 ANN BOCHNOWSKI: How much did it cost to move the
12 Clipper? That is what I'm trying to ask.

13 MR. HANSEN: That's a good question and I can tell
14 you right now, today, I don't have the exact answer
15 to how much it costs to move the vessel, but let me
16 review with you how that's gonna be allocated.

17 We had spent approximately five hundred thousand
18 dollars the prior, before even getting involved in
19 this, now we added two point seven five to the
20 Hammond Port Authority. The Clipper right now is in
21 the Calumet River. We are ongoing discussions with

1 the Port Authority with various cities and Lake
2 Michigan to move the vessel hopefully this summer
3 from the Calumet River to a City in Lake Michigan.
4 In that Lake Michigan charters..... will pick up
5 the tab for that. Once that is accomplished and we
6 know exactly how much all of those monies are, added
7 incentive of two point seven five to whatever that
8 balance is would be allocated totally to the social
9 services.

10 ANN BOCHNOWSKI: Okay.

11 MR. HANSEN: So it would be a minimum of one million;
12 I would expect it to be about one and a half million,
13 somewhere in there.

14 ANN BOCHNOWSKI: I'm picturing the Milwaukee Clipper
15 floating around like that barge and..... does any-
16 body want it?

17 MR. HANSEN: Well, I was gonna bring down the video.
18 We have a video tape and you would be impressed with
19 how easy it was to move the vessel out of the marina.
20 It was an incredibly easy and very quick task.

21 ANN BOCHNOWSKI: Isn't that interesting.

1 MR. SUNDWICK: Comments partially inaudible. I'm
2 glad to see you're preserving the Milwaukee Clipper.

3 MR. HANSEN: Thank you, Commissioner. That is our
4 intent as well as the Port Authority to make sure
5 that vessel was preserved and is not scrapped so to
6 speak, so we want to make sure that is taken to a
7 proper place where it will be preserved.

8 MR. SUNDWICK: I had a question. Well, it's not a
9 question, it's a statement more. I think you've done
10 an excellent job to date on your project. You ought
11 to be commended for that and on the speed and the
12 way you've handled this whole thing. But, and the
13 question is: Now, the hotel program, that's gonna
14 go as expeditiously as the place you in facilities,
15 dock facilities and the boat, correct?

16 MR. HANSEN: Absolutely. We just, unfortunately, in
17 all candor we just haven't been able to devote the
18 man resources to that project right now. I think you
19 can see with our, so far our construction efforts,
20 of course, what we said to you about Joliet and now
21 in Hammond, rest assured that when we get all these

1 things tied up, it will be ASAP because we have the
2 ability to get things done timely and properly, that
3 is going to be our major focus. It's very important
4 to us as well as of course to you.

5 MR. SUNDWICK: Well, you're doing an excellent job.

6 MR. HANSEN: Well, thank you very much but we can
7 only thank the Staff, Mr. Thar, Kay Fleming, Mr.
8 Hannon, everyone has been extremely cooperative and
9 we had a group in Hammond, I also have to thank not
10 only our owners but also all of our staff for every-
11 thing they've done this far. We're not there yet,
12 of course, it's gonna be a very rough and interesting
13 six weeks ahead, but we're always glad to do what is
14 correct and do it according to the way you're sup-
15 posed to do it, and we've got a lot of good team
16 work in this.

17 MR. THAR: I think they are totally prepared to
18 open, if not by July 4th, if it hasn't opened by
19 August 30th, I think the Commission probably will
20 want to know why.

21 MR. KLINEMAN: Any other questions? If there are

1 none, we have the Resolution 1996-28 before us.
2 Resolution concerning the extension of certificate
3 of suitability issued the Empress Casino Hammond
4 Corporation, on November 17, 1995, in Section 3
5 there is a blank for extended or revoked and goes
6 on to the next page where Mr. Thar is suggesting we
7 fill in August 30th of 1996. Do I hear a Motion
8 to fill in the blank with an extended and the August
9 30, 1996?

10 MOTION by ANN BOCHNOWSKI, second by DR. ROSS.
11 Resolution is adopted.
12

13 MR. KLINEMAN: Okay, the next item of business is
14 the surety bond for Empress Casino Hammond Corporation.
15

16 MR. THAR: This would be Resolution 1996-29. Again,
17 what Empress has done is post fifteen million dollars
18 in cash with the State of Indiana on May 2nd. That
19 again has language which satisfied the Commission
20 Requirements, what we have required to date and the
21 amount is also satisfactory. We have received a

1 letter from Virginia McCarty, indicating that this
2 amount and the present way in which it is posted
3 satisfies the statutory requirements and the require-
4 ments of the Commission. It is the intention of
5 the Empress to at some point in time potentially
6 substitute a surety bond in lieu of the cash that
7 is on deposit presently. We're just asked to review
8 the fifteen million dollars and the cash deposit
9 with the State. That is what the Resolution does.
10 It is the Staff's recommendation along with Virginia
11 McCarty that this Resolution be approved.

12
13 MOTION to approve Resolution 1996-29 by Mr. Vowels.
14 Second by Mr. Milcarek. Resolution is adopted.

15
16 MR. KLINEMAN: The next item on our agenda is the
17 approval of The Majestic Star Casinos; that's the
18 interchangeable sometimes called Barden, certificate,
19 and we have Mr. Frank Zenn here representing Majestic
20 Star. Welcome.

21 MR. ZENN: Thank you.

1 MR. KLINEMAN: We will let Mr. Thar start off and
2 then if we have any questions or anything you want
3 to add, we'll let you do that.

4 MR. THAR: We have had discussions with Mr. Zenn --
5 it's nice to see you --and Mr. Barden for some time,
6 period of time concerning the potential on this
7 financing. In essence, it's an issuance of first
8 mortgage notes of high yield bonds straight out of
9The Majestic Star L.L.C. which is the holder of
10 the certificate of suitability and it's to raise
11 a hundred and five million dollars, the uses of
12 which are set forth in the information that we provided
13 to the Commission last week they probably received
14 as well as ansummary. It is in terms of some
15 of the other financing that we have seen, very
16 straight forward and relatively simple. Even though
17 at a hundred and five million I don't consider, you
18 know, by any means not important. So we have re-
19 viewed it. Mr. Zenn is present. We feel it is
20 relatively straight forward, but please answer any
21 questions for the Commission, or anything Mr. Zenn

1 that you feel like would be important to note.

2 MR. ZENN: I have nothing to add, Mr. Thar, to your

3 excellent capsule summary. I think things are in

4 front of the Commission. I also express my apprecia-

5 tion to you and the Staff for helping us through

6 this process. I will be happy to answer any questions

7 that the Commission might have or you.

8 MR. KLINEMAN: Well, I just want to make note of a

9 couple of things. (1) That we have received a

10 letter fromThornburg....opining that the, uh,

11 that this financing does not in any way hypothecate

12 or pledge the certificate of suitability or the

13 license which might arise later, and, therefore,

14 the statute is not violated during the fact that the

15 certificate this county pledged or hypothecated...

16 The other thing I would like to note is that as I

17 read the material that the project will still have

18 an equity investment of twenty-eight million dollars;

19 is that correct?

20 MR. ZENN: That's correct.

21 MR. KLINEMAN: And that's not in the way of debt;

1 it's actual equity?

2 MR. ZENN: That is correct. That is pure equity.

3 That's the minimum. There may be a little more.

4 MR. KLINEMAN: I just wanted to make a note that

5 there is going to be a very substantial amount of

6 Anybody else have any questions?

7 ANN BOCHNOWSKI: It's my understanding also that all

8 of this is to go toward the project, that the offering,

9 the money?

10 MR. ZENN: That is correct. The project and the

11 related items which have been put before the

12 Commission.

13 MR. KLINEMAN: And it includes building a new boat

14 to replace the one that.....?

15 MR. ZENN: That is correct. The new boat has been

16 designed or is currently being designed and hopefully

17 will be available for use in about eighteen months'

18 time.

19 MR. KLINEMAN: I guess it would be the feelings of

20 this Commission that there's some way that that boat

21 should have a substantial Hoosier connection during

1 its construction time, having supplied materials
2 to construct it, we would like that.

3 MR. ZENN: We will certainly take that into account.

4 MR. SWAN: Where is the boat being constructed?

5 MR. ZENN: Well, it's not in construction yet, but
6 it will be constructed I believe in the Virginia,
7 the shipyard in Virginia; that's one that's under
8 consideration.

9 MR. KLINEMAN: We heard yesterday Cummins makes
10 diesels for big boats.

11 MR. ZENN: That possibly could be...

12 MR. KLINEMAN: And Gary makes steel. I shouldn't
13 forget that. All right. Any questions?

14 Mr. Swan makes motion to adopt Resolution No. 1996-30,
15 second by Dr. Ross. Resolution 1996-30 is adopted.
16

17 MR. KLINEMAN: The next item of business of occupa-
18 tional license issues. This has to do with policies..
19

20 MR. THAR: Yes, Mr. Chairman, what we've found since
21 we started that we had Commissioners come up involved
in the occupational licenses that we did not antici-

1 pate, so we're going to try to through this Resolution
2 establish some rules to handle those situations
3 which we have not seen before. Specifically, we've
4 had instances where people have been promoted from
5 one level to another. We're establishing rules as
6 to how that will be accounted for. We've had in-
7 stances where people have lost badges, we're asking
8 that there be a small charge to that, and we've
9 also had instances where people have tried to move
10 from one boat to the other. This rule would estab-
11 lish a procedure that they would have to follow to
12 do that. We've also had instances where we've had
13 people leave and come back, we've established a
14 sixty-day cut off, that if they return within sixty
15 days we would not have them go through this process
16 again. If it's beyond sixty days we'd have to start
17 all over. All the timing and the cost that we've
18 built into this Resolution are to encourage employees
19 to stay with their employer and try to minimize the
20 mount of time that we have to put into renewing and
21 redoing licenses.

1 Motion to adopt Resolution 1996-31 made by Mr. Vowels,
2 second by Mr. Swan. Resolution 1996-31 is adopted.
3

4 MR. KLINEMAN: The next item is the waiver of tempor-
5 ary license requirement for the installation of
6 computer equipment for Trump Indiana, Inc. and
7 Majestic Star Casino.

8 MS. KAY FLEMING: Comments inaudible - in majority.

9 Motion to adopt Resolution 1996-32 by Milcarek,
10 second by Ann Bochnowski. Resolution 1996-32 is
11 adopted.
12

13 MR. KLINEMAN: We move into the other business sec-
14 tion. Mr. Thar, do you have anything?

15 MR. THAR: No.

16 MR. KLINEMAN: I just have one thing to share with
17 the Commission. I know Mr. Thar received a letter
18 and I received a copy I guess from the office of
19 the Mayor of Gary, Indiana, Scott L. King, where he
20 compliments Mr. Arnie Fleishman, the Chief Operating
21 Officer of Trump Indiana, and Tom Bonner, Executive
Vice President of Barden Inc. for their diligence

1 in helping the City of Gary develop contracting
2 fairs, jobs fairs, vendor fairs, to keep the resi-
3 dents available. The Mayor says, and I quote:
4 "I commend them and want to take this opportunity
5 to share this with the Commission." So things seem
6 to be going well between the administration in Gary
7 and the licensees. If there's nothing further to
8 come before the Commission, I would entertain a
9 motion to adjourn the business meeting and we would
10 then take a ten or fifteen minute break. Fifteen
11 minute break. Motion to break by Ann Bochnowski.
12 Second by Dr. Ross. We will be setting our next
13 business meeting at the conclusion of today's pro-
14 ceedings and hopefully we will also be setting a
15 time to have further discussion of the licenses in
16 Harrison County. So the meeting is adjourned and
17 we will recess now until 9:30 at which time we will
18 receive the presentation of the next applicant.

19
20 (RECESS)
21